

KREO CAPITAL PRIVATE LIMITED

SEBI REGISTERED – CATEGORY I - MERCHANT BANKER

NEWSLETTER – TWENTY-FIRST EDITION, 2020



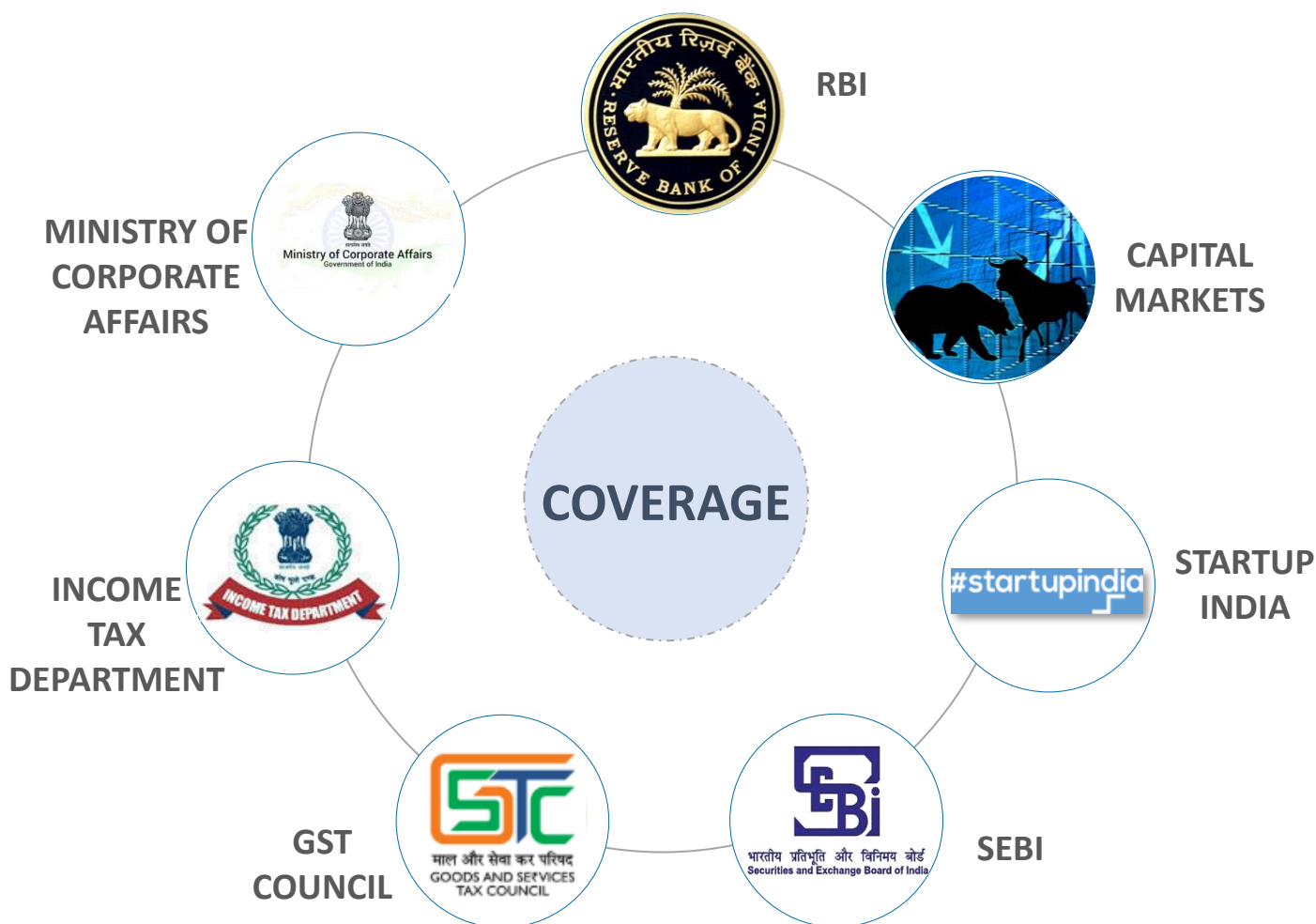
Tuesday, 05th May, 2020

“An investment in knowledge yields the best return.”

In the ever changing and dynamic Capital Market Environment, staying updated with the latest happenings is the need of the hour.

Keeping up to date with laws & notifications is time consuming and legislation itself is complex. However, it is of vital importance that businesses stay up to date on regulations in their sector to keep pace with best practices.

This is our series of knowledge sharing initiative towards sharing regulations and updates on corporate laws.



BROAD ECONOMIC HIGHLIGHTS

ADB approves USD 1.5 bn loan to India to fight Covid-19

Crude oil price plunges below zero for first time in unprecedented wipeout

Impact of Coronavirus pandemic on the Global Economy

Core sector output shrinks 6.5% in March as Covid-19 takes its toll on the economy

India maps out post-Covid-19 export plan to take on China

About 200 US companies seeking to move manufacturing base from China to India: USISPF

China may cancel the dollar peg in stock exchange transactions

Microsoft in talks with Paytm to invest 100 million dollars, says report

CAPITAL MARKETS

IIFL Wealth Finance buys L&T Capital Markets for Rs 230 crore

Facebook buys 9.99% stake in Reliance Jio for Rs 43,574 crore

266 crore new shares to list post bank merger, says PNB

Piramal, Tata Motors, Coastal Gujarat to issue NCDs to raise Rs 5,700 crore

FPIs pull out Rs 10,347 cr from capital markets in April so far

Reliance Industries To Raise Rs 53,125 Crore Via Biggest Rights Issue

Larsen & Toubro raises Rs 2,500 crore via NCDs

Axis Bank enters into definitive agreement to become JV partner in Max Life

SEBI



RELAXATION IN SEBI (BUY-BACK OF SECURITIES) REGULATIONS, 2018 DUE TO THE COVID 19

Key Highlights

- Considering the developments relating to the COVID 19 pandemic, SEBI has received a number of suggestions for relaxation of conditions with respect to raising of funds from the securities market.
- Currently, regulation 24(i)(f) of SEBI (Buy-back of Securities) Regulations, 2018 provides a restriction that the companies shall not raise further capital for a period of one year from the expiry of buyback period. It has been represented that the said period of one year may be reduced to six months, which would be in line with section 68(8) of the Companies Act, 2013.
- To enable relatively quicker access to capital, it has been decided to temporarily relax the period of restriction provided in Regulation 24(i)(f) of the Buy-back Regulations. Accordingly the words "one year" shall be read as "six months" in the said regulation.

(Click here for more details)

RELAXATION IN SOME PROVISIONS OF SEBI (ICDR) REGULATIONS, 2018 IN RESPECT OF RIGHTS ISSUE

Key Highlights

- In the wake of developments relating to Covid-19 pandemic, SEBI introduced several relaxations in the context of Right Issues contained in SEBI (ICDR)
- Relaxations with respect to the eligibility conditions related to Fast Track Rights Issues
- Relaxations with respect to Minimum Subscription. The minimum subscription to be received in the issue shall be at least seventy-five percent of the offer through the offer document.
- Relaxation with respect to the minimum threshold required for not filing draft letter of offer with SEBI
- In reg 3(b), proviso to Regulation 3, the words "ten crore" shall be read as "twenty-five" crores".
- These temporary relaxations are applicable for Right Issues that open on or before March 31, 2020.

(Click here for more details)

SEBI**RELAXATION IN HOLDING AGM BY TOP 100 LISTED ENTITIES DUE TO COVID-19 PANDEMIC****Key Highlights**

- Regulation 44(5) of the LODR requires top 100 listed entities by market capitalization to hold their Annual General Meeting(AGM) within a period of five months from the date of closing of the financial year. SEBI vide Circular dated March 26, 2020 (SEBI/HO/CFD/CMD1/CIR/P/2020/48) had relaxed this requirement by one month for listed entities whose financial year ends on March 31, 2020.
- Accordingly, regulation 44(5) of the LODR is relaxed whereby the top 100 listed entities by market capitalization whose financial year ended on December 31, 2019 may hold their AGM within a period of nine months from the closure of the financial year (i.e., by September 30, 2020).

(Click here for more details)

ONE -TIME RELAXATION WITH RESPECT TO VALIDITY OF SEBI OBSERVATIONS**Key Highlights**

- In view of the impact of the COVID – 19 pandemic, SEBI has decided to grant the following one time relaxations:
- In terms of Regulation 44(1), 85 and 140 of the SEBI (ICDR Regulations), a public issue/rights issue may be opened within twelve months from the date of issuance of observations by SEBI.
- In terms of Schedule XVI (1) (f)(i) of the ICDR Regulations, 2018 any increase or decrease in estimated fresh issue size by more than twenty percent of the estimated fresh issue size shall require fresh filing of the draft offer document along with fees. An issuer shall be permitted to increase or decrease the fresh issue size by up to 50 % of the estimated issue size without requiring to file fresh draft offer document with the Board subject to certain conditions.

(Click here for more details)

STARTUP INDIA

#startupindia

INDIAN STARTUPS WILL NEED NODAL MINISTRY APPROVAL TO RAISE FUNDS FROM CHINA

Key Highlights

- The fresh FEMA notification comes a week after the Indian government made changes in its foreign direct investment policy by mandating government clearance for all foreign inflows from countries with which it shares land borders.
- With the new FEMA amendment, any Indian startup looking to raise money from funds or individual investors in neighboring countries such as China will now have to take additional approvals from the nodal ministry, said lawyers and experts.
- The FEMA notification also mentions that even "beneficial ownership" by investors from neighbouring countries will be subjected to government scrutiny. However, legal experts that Mint spoke with said the notification does not fully define the ambit of beneficial ownership.

(Click here for more details)

INVESTORS, STARTUP FOUNDERS IN INDIA POOL \$13M TO FUND PROJECTS THAT FIGHT CORONAVIRUS

Key Highlights

- More than 150 investors and entrepreneurs in India are funding dozens of projects in a bid to help millions better combat the COVID-19 epidemic and help the nation's booming startup ecosystem withstand the economic devastation the pandemic has caused.
- The investors said they have contributed 1 billion Indian rupees — or \$13 million — of their own money to the ACT Grants initiative, which was unveiled late last month.
- The group — which includes several prominent industry figures, including Nandan Nilekani, Paytm's Vijay Shekhar Sharma, Flipkart's Kalyan Krishnamurthy, Oyo's Ritesh Agarwal, Udaan's Sujeet Kumar, Freshworks' Girish Mathrubootham, CRED's Kunal Shah and Times Internet's Miten Sampat — has funded 32 projects to date.

(Click here for more details)

RBI**COVID-19 – REGULATORY PACKAGE, ASSET CLASSIFICATION AND PROVISIONING*****Key Highlights***

- The lending institutions were permitted to grant a moratorium of three months on payment of all term loan instalments falling due between March 1, 2020 and May 31, 2020 ('moratorium period'). As such, in line with the clarification provided by the Basel Committee on Banking Supervision, in respect of all accounts classified as standard as on February 29, 2020, even if overdue, the moratorium period, wherever granted, shall be excluded by the lending institutions from the number of days past-due for the purpose of asset classification under the IRAC norms.
- Similarly in respect of working capital facilities sanctioned in the form of cash credit/overdraft ("CC/OD"), the Regulatory Package permitted the recovery of interest applied during the period from March 1, 2020 up to May 31, 2020 to be deferred

(Click here for more details)

RBI ANNOUNCES RS 50,000 CRORE LIQUIDITY SUPPORT TO MUTUAL FUNDS***Key Highlights***

- RBI on 27th April, 2020 announced Rs 50,000-crore liquidity support for mutual funds.
- Under the special liquidity facility scheme effective today, the RBI will conduct repo operations of 90 days tenor at the fixed repo rate. The facility will be on-tap and open-ended, and banks can submit their bids to avail funding on any day from Monday to Friday, RBI said.
- Funds availed under the scheme can be used by banks exclusively for meeting the liquidity requirements of MFs by extending loans, and undertaking outright purchase of and/or repos against the collateral of investment grade corporate bonds, commercial papers (CPs), debentures and certificates of Deposit (CDs) held by MFs.

(Click here for more details)

MINISTRY OF CORPORATE AFFAIRS**MCA ALLOWS COMPANIES TO HOLD GENERAL MEETINGS VIRTUALLY*****Key Highlights***

- MCA, vide its Circular dated April 8, 2020, has permitted Companies to conduct General Meeting through video conferencing (VC) and other audio visual means (OAVM) complemented with e-voting facility/simplified voting through registered emails. Further, MCA, vide its Circular dated April 13, 2020, provided clarifications in respect of manner of sending notices of EGMs, proposed to be conducted virtually, to members and other matters in connection with the earlier MCA Circular.
- The Circulars are divided into two parts: Companies which provide e-voting and Companies which do not provide e-voting;
- All resolutions passed in such meeting shall be filed with ROC within 60 days of the meeting

(Click here for more details)

EXTENSION FOR NAME RESERVED AND RESUBMISSION OF FORMS***Key Highlights***

- Names reserved for 20 days for new company incorporation. SPICe+ Part B needs to be filed within 20 days of name reservation. Names expiring any day between 15th March 2020 to 3rd May would be extended by 20 days beyond 3rd May 2020.
- Names reserved for 60 days for change of name of company. INC-24 needs to be filed within 60 days of name reservation. Names expiring any day between 15th March 2020 to 3rd May would be extended by 20 days beyond 3rd May 2020.
- Extension of RSUB validity for companies. SRNs where last date of Resubmission (RSUB) falls between 15th March 2020 to 3rd May 2020, additional 15 days beyond 3rd May 2020 would be allowed. However, for SRNs already marked under NTBR, extension would be provided on case to case basis.

(Click here for more details)

MINISTRY OF CORPORATE AFFAIRS



EXCLUSION OF COVID-19 LOCKDOWN PERIOD FROM LIQUIDATION PROCESS

Key Highlights

- Insolvency and Bankruptcy Board of India (Liquidation Process) (Second Amendment) Regulations, 2020.
- No. IBBI/2020-21/GN/REG060.- In exercise of the powers conferred by clause (t) of sub-section (1) of section 196 read with section 240 of the Insolvency and Bankruptcy Code, 2016 (31 of 2016), the Insolvency and Bankruptcy Board of India hereby makes the following amendments:
- Subject to the provisions of the Code, the period of lockdown imposed by the Central Government in the wake of COVID-19 outbreak shall not be counted for the purposes of computation of the time-line for any task that could not be completed due to such lockdown, in relation to any liquidation process."

(Click here for more details)

HOLDING OF AGM BY COMPANIES WHOSE FINANCIAL YEAR HAS ENDED ON 31ST DECEMBER, 2019.

Key Highlights

- Several representations have been received from stakeholders with regard to difficulty in holding (AGMs) for companies whose financial year ended on 31st December, 2019 due to COVID-19. Thus, is noted that the Companies Act, 2013 (Act) allows a company to hold its AGM within a period of six months (nine months in case of first AGM) from the closure of the financial year and not later than a period of 15 months from the date of last AGM .
- If the companies whose financial year (other than first financial year) has ended on 31st December, 2019, hold their AGM for such financial year within a period of nine months from the closure of the financial year (i.e. by 30th September, 2020), the same shall not be viewed as a violation.

(Click here for more details)

INCOME TAX DEPARTMENT



CLARIFICATION IN RESPECT OF OPTION UNDER SECTION 115BAC OF THE INCOME-TAX ACT, 1961

Key Highlights

- Section 115BAC of the Income-tax Act, 1961 (the Act), inserted by the Finance Act, 2020 w.e.f the assessment year 2021-22, *inter alia*, provides that a person, being an individual or a Hindu undivided family having income other than PGBP", may exercise option in respect of a previous year to be taxed under the said section 115BAC along with his return of income to be furnished under sub-section (I) of section 139 of the Act for each year. The concessional rate provided under section 115BAC of the Act is subject to the condition that the total income shall be computed without specified exemption or deduction, setoff of loss and additional depreciation.
- In order to avoid the genuine hardship in such cases, the Board, hereby clarifies that an employee, intending to opt for the concessional rate under section 115BAC of the Act, may intimate the deductor, being his employer

(Click here for more details)

COVID-19: RELIEF MEASURES FOR INDIVIDUAL TAXPAYERS

Key Highlights

- The Government of India has come to the rescue of taxpayers by providing various relief measures. Below are the relief measures provided to individual taxpayers.
- A belated tax return and revised tax return for Financial Year (FY) 2018-19 was to be filed on or before 31 March 2020. This due date is now extended to 30 June 2020.
- With the aim of funding the various relief measures to manage COVID-19, the Prime Minister's Citizen Assistance and Relief in Emergency Situations Fund (PM CARES FUND) has been set up by the Central Government. An individual can claim 100 percent deduction for donation to PM CARES Fund. For claiming deduction in the return for FY 2019-20, Donation to PM CARES fund could be made till 30 June 2020.

(Click here for more details)

GST COUNCIL



FORM GST PMT 09, TO TRANSFER/SHIFT THE MONEY AVAILABLE IN ELECTRONIC CASH LEDGER

Key Highlights

- Form GST PMT-09 is now available on GST portal and it enables a taxpayer to make intra-head or inter-head transfer of amount available in Electronic Cash Ledger.
- A taxpayer can file GST PMT 09 for transfer of any amount of tax, interest, penalty, fee or others available under one (major or minor) head to another (major or minor) head in the Electronic Cash Ledger. Form GST PMT 09 provides flexibility to taxpayers to make multiple transfers from more than one Major/Minor head to another Major/Minor head if the amount is available in the Electronic Cash Ledger. To file Form GST PMT-09 taxpayers are required to login on GST portal with valid credentials and navigate to Services > Ledgers > Electronic Cash Ledger > File GST PMT-09 For Transfer of Amount option.

(Click here for more details)

GST RETURN FILING DATE EXTENDED, RELIEF FROM LATE FEE, PENALTIES

Key Highlights

- To provide relief to businesses grappling with the economic impact of Covid 19, the government on Tuesday said it is extending the filing of Return for the month of March, April and May 2020 and composition returns under GST June 30.
- Significantly, the Finance Minister also said companies which have less than Rs 5 crore turnover will not have to pay interest, late fee or penalty. For bigger companies late fee and penalty will not apply and only interest at a reduced rate of 9% will be charged. "This is only for bigger companies. Majority of companies will have no interest, late fee or penalty," said Sitharaman.
- The date for opting for composition scheme has also been extended to June 30, 2020.

(Click here for more details)

KREO CAPITAL PRIVATE LIMITED

MERCHANT BANKING | CORPORATE ADVISORY | WEALTH MANAGEMENT | LENDING SOLUTIONS

ABOUT OUR CORPORATE ADVISORY SERVICES

Our corporate advisory division works with a wide range of clients including young, cutting-edge start-ups and established market leaders. We advise our clients on mergers and acquisitions, private equity funding, divestments, corporate restructuring, valuation of shares as per SEBI guidelines, company law and secretarial advisory.

Our advice is built from a rigorous and up-to-date understanding of the market, coupled with clients financial vision. This means we only offer solutions that work best for our clients.

ABOUT KREO CAPITAL

Kreo Capital is a boutique financial service company with Mid Market focus, offering integrated financial advice and services. Promoted by professionals with rich experience in financial and capital markets, Kreo Capital is a financial expert for all growth oriented companies.

Team Kreo is committed to long term relationships and has a proficient and skilled work force invested in its clients and their business. Our services enable our clients to access Capital Markets, Corporate Finance Advisory, Wealth Management Advisory, Mergers and Acquisition Advisory, ESOP & Valuation Advisory, Equity/Debt Placements and Restructuring.

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